

Revenue Committee

Meeting Summary

August 17, 1999

APPROVED (10/14/99)

Committee members present: Chair Skip Rowley, Vice-Chair Bob Helsell, Roger Dormaier, Councilmember Dave Earling, Jim Fitzgerald, Representative Ed Murray, Neil Peterson, Larry Pursley, Mike Roberts, Senator George Sellar, Commissioner Judy Wilson

Committee members not present: Governor Booth Gardner

The Revenue Committee convened at 8:30 a.m. at the small auditorium at SeaTac airport. Chair Skip Rowley asked for a motion to adopt the July 20 meeting summary. A motion was made and seconded and the meeting summary was approved.

During the public comment period, Paul Demetriades, Councilmember from the City of Medina spoke. He said his citizens were unhappy with what seemed like continual spending of more transportation dollars while congestion increased. He thought that current transportation revenue sources were adequate but that the gas tax should be indexed to inflation with a cap. He suggested a one-time use of the existing state surplus and targeting revenues to congestion choke points. He said existing local funds for maintenance, preservation, safety and seismic retrofits were inadequate and suggested that more local options be provided. He said that the Public/Private Initiatives Program was a failure and that tolls should not be used for facilities already paid for. He also suggested WSDOT should be held to performance standards.

Chairman Rowley then announced that the Commission had not yet received a written opinion from the Attorney General about what involvement, if any, the Commission could have with respect to Initiative 695. A committee member suggested that the Committee would be risking its credibility if it took a position. It was also suggested that the Revenue Committee had an obligation to address the implications of the initiative. Senator Sellar and Representative Murray noted that they would have to abstain from taking any position.

Discussion and Presentation on Gas Tax Distribution

Committee consultant Kathy Elias gave a brief presentation on the Distribution of Gas Tax to the State, Cities and Counties. She reviewed charts that showed Washington was about in the middle among the fifty states in gas tax rates, that the gas tax would be higher both under a 601-adjusted

scenario, and if adjusted for inflation, and that gas tax increases had significantly lagged behind vehicle miles traveled in the state since the 1970's.

She went to describe distributions that appear complicated because there are many dedications by jurisdiction and by program. The distributions are not based on objective measures of roadway responsibility such as lane miles, VMT or population growth. The gas tax represents 17% of city transportation revenues, 33% of county transportation revenues and 50% of state transportation revenues. Fund distribution levels were set at a given point in time to meet specific needs but it is unclear how they were set. Kathy also said that it was unclear how it was determined what levels were dedicated to the various grant programs administered by the Transportation Improvement Board (TIB) and County Road Administration Board (CRAB). A member pointed out that these agencies were essentially created so that smaller cities and counties could compete for transportation funding.

A member asked whether it was fair to say that the complexity of the funding system was created over time due to lack of adequate funding. There seemed to be agreement on this point.

Kathy also said that gas tax allocations do not appear to reflect changing demographics in Washington. Many formerly rural roads have become significant regional arterials. The share of population in cities has grown faster than the statewide average. The per capita distribution formula to cities was mentioned, which grants cities an ever smaller share of a fixed sum as more cities incorporate. A committee member said that changing that formula would mean smaller cities would lose out. Another member said the committee needed to consider the property and sales tax revenue cities gain when areas incorporate or are annexed.

Preliminary Findings on The Distribution of Gas Tax to the State, Cities and Counties

The committee next considered the Preliminary Findings on gas tax distribution. Finding 3 was amended to read in its entirety, "Existing gas tax revenues do not keep pace with inflation." Finding 6 deleted the word "someone's" and inserted "a jurisdiction's" and Finding 7 was amended to read, "The per capita gas tax distribution to cities appears to penalize cities." The Preliminary Findings were then moved and approved by voice vote.

Discussion and Presentation on Public Opinion Research

Rick Cocker from Cocker/Fennessy gave a brief overview of the public opinion survey underway. He said the Commission had retained Moore Information to conduct a poll (scheduled for the week of August 23), the results of which would be available for the retreat in September. Rick said previous transportation polling had found that while frustrated, the public had no consensus on solutions to transportation problems. For that reason, no political solutions had been forthcoming to date.

Kathy Elias then summarized five years worth of polling information gathered since 1994. A 1994 Elway Research poll showed that when asked what was the best way to raise money to improve the highway system, no single funding source received 50% support. Tolls and the gas tax received more support than other methods, but tolls also generated strong opposition. Transportation Commissioner Aubrey Davis said that another 1994 poll asked what people wanted in the way of improvements (e.g., congestion relief), and then asked what was the best method to pay for that result.

Other polls had conflicting results with some showing that respondents were willing to pay more to implement transportation solutions while others showed opposition to even modest gas tax increases. Support seemed highest when questions were asked such that respondents knew what the funds would be used for. A number of polls showed respondents thought enough money was already in the transportation system, and that wiser decisions about how to spend it was the key. Focus groups conducted by the Commission in January 1999 indicated there were strong regional differences in public opinion on transportation needs.

Preliminary Findings on Public Opinion Research

The committee then considered the Preliminary Findings on Public Opinion on Transportation Funding. A committee member disagreed with Finding 6 which read, "Tolls and user fees are accepted in concept by many members of the public, but also tend to generate strong opposition." Other findings, especially Findings 4-6 which referred to specific funding sources, generated disagreement among members.

Discussion ensued about making any preliminary findings on polling data. Some committee members felt polling only showed conflicting information and was not useful, while others felt it important to show the public what had been found in previous years and what the committee had learned about public opinion related to transportation funding. Others thought the polling showed that transportation problems had not been articulated well enough to gain public support for new funding. A suggestion was made to delete preliminary Findings 4-6. Another member moved that the committee accept all the preliminary findings, 1-6, with an asterisk indicating that further findings would be added after the current poll was completed. That motion failed on a 4-5 vote. Another motion was made to delete preliminary findings 4-6, with an asterisk noting that further findings would be added in September, and that motion passed on a voice vote.

Following a break, Chairman Rowley recognized the Mayor of Gig Harbor, Gretchen Wilbert, who had come to provide public comment but had arrived late. She read a resolution passed by the Gig Harbor City Council in May. The resolution expressed opposition to tolls and said if they are suggested by the Commission, they should be selectively considered and regulated independently by a third body.

Preliminary Findings on Non-Traditional Mechanisms in Funding Transportation

The Committee considered the five preliminary findings for Non-Traditional Mechanisms in Funding Transportation. Discussion ensued with members agreeing that wider use of these non-traditional mechanisms would be beneficial in Washington. Finding 2 was amended to read, “While tax increment financing is widely used throughout the country, including use for transportation infrastructure, and remains in statute in Washington, it is considered to violate the Washington State Constitution and is therefore unusable in its current form.”

A motion was made to accept Findings 1-5 as amended, and the motion carried.

Preliminary Findings on Market Mechanisms and User Fees in Transportation

The Committee then considered the four preliminary findings on Market Mechanisms and User Fees in Transportation. The question was asked whether the use of parking fees was a regional discussion, since such fees would probably only be useful in an urban environment. Most agreed parking fees were a potential regional solution.

A member expressed reservations about Finding 3 that read in part, “There is much anecdotal evidence of public support for user fees as a concept...” The committee member disliked the use of the word “anecdotal” and challenged the statement that there was any significant public support for user fees (e.g., tolls or road pricing).

Considerable discomfort about preliminary Finding 1 was voiced by a number of members. In draft form, the finding read, “The convenience and abundance of public roads and the relatively low cost of driving have, over the years, led to heavy reliance on the private auto in Washington. Large supply and low prices have resulted in too much demand, a classic market imbalance.” A member commented that reliance on the auto was due to necessity. Another member said the finding was important in that it said that the true costs of driving are not paid in full by the driving public, and if such true costs were actually paid, driving behavior might change. After more discussion, Finding 1 was amended to read, “There is an imbalance in our physical infrastructure needs and financial capacity, creating a classic market imbalance.”

The Committee then approved the preliminary findings on a voice vote.

The Committee adjourned at 11:30 a.m.